

● PSP: <sup>Subject File</sup> OSS. Donovan Reports. April 29 - ~~May 16, 1942~~ ~~1~~ ~~2~~ ~~3~~ ~~4~~ ~~5~~ ~~6~~ ~~7~~ ~~8~~ ~~9~~ ~~10~~ ~~11~~ ~~12~~

Folder 10

Box 166.

PSF: OFFICE OF STRATEGIC SERVICES

1942

Donovan Report

No. 10

April 29 to May 16

No. 461

April 29, 1942

6:00 PM

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following is from the Weekly General Directive of the British Political Warfare Executive:

"1. Strategy.

a. Unusually severe thaw conditions preclude large-scale German counter-offensive in Russia before the middle of May and probably early June, except in the Crimea. Both sides are already preparing offensives in the Crimea. The German Air Force, ordered to isolate the Kerch Peninsula, is bombing harbors, troop formations and attacking Caucasian ports;

b. Our successful raids on Rostock and Luebek prove not only that the German Air Force in the West is no longer able to protect Germany but they also exemplify the assistance to Russia by dislocating German communications and industry and by destroying shipping.

"2. Propaganda.

a. Political: A contrast between the early stages of the war and the Spring of 1942 should be drawn in our propaganda. The new order no longer a fighting weapon. Political initiative has been lost by Germany. Even in Germany the first ardor cannot be recaptured. In occupied countries, including Italy, the new order has been exposed as corrupt, inefficient not even formidable. The spirit of revolt is now spreading even in France. In Europe the stage for political offensive of united nations is being set.

b. Military: The turn of the tide is less pronounced in the purely military sphere. The probably gigantic German Spring offensive should not be minimized in our propaganda, but attention should be called to our quickening activity in the West. The already obvious German anxiety as to the nature of our own offensive against them should be increased in our propaganda."



No. 462

April 29, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The following is from the BBC weekly Directive:

"The war is now at the stage when an increasingly relentless nerve war can and must be waged against the Germans.

"In order to convince the Germans that they can't win we must:

- a. Project our own bouyant self confidence, .
- b. Cite evidence that the enemy leaders have no confidence in victory.
- c. Exploit the parallel with 1918.
- d. Develop the theme that the plain people's resistance to Hitlerism constitutes an unconquerable force.

"There are five main fears to develop:

- a. Increasingly severe RAF attacks

-2-

on Germany itself.

- b. The approaching deadly campaign on the eastern front.
- c. The increasing hostility of the peoples of the occupied countries.
- d. A second land front on the flank or rear.
- e. Imminence of air attacks on Germany by the United States.

"Direct the hatreds and fears specifically against Hitler, who:

- a. Started the war, mistakenly assuming that he could win fast.
- b. Initiated the air blitz policy which is now recoiling on his own people.
- c. Made the decision to attack Russia.
- d. Destroyed the flower of his armies in the winter campaign in Russia.
- e. Miscalculated both the United States' speed in war preparation and Britain's spirit and strength."

No. 463

April 30, 1942

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following is a report of an interview with Dr. Smirnoff, who is Chief of the Board of Health of the Russian Army. This conversation was had with him about two months ago.

Dr. Smirnoff says that there are in the rear of the divisions of the Russian Armies a total of between 600 and 1000 large base hospitals.

He said that the experience of 1914 was that, for every 100 men in battle 15 beds are necessary behind the lines. Of these 15 beds, 30 per cent must be in the immediate rear of each army, 45 per cent further back, and the remainder in the Hinterland.

The army of the Tzar had 1 million 111 thousand beds. The German army had 1 million 320 thousand beds in 1918. Those figures would have been sufficient only for the first few months in the struggle of Russia today. The Russian hospitals average 500 beds, but often have as many as 2000 soldiers. These soldiers are treated with the definite purpose of sending them back to the front as soon as possible.

During the first seven months of the war the approximate figure is one and a half million men wounded.

The number killed average 35 per cent for every 100 casualties. From a German doctor prisoner of war, a surgeon of the 112th division of infantry, Dr. Smirnoff obtained certain figures. These were that during the winter months, out of each 100 casualties, 25 per cent were killed, 75 per cent wounded. Out of the wounded, 40 per cent died, 35 per cent remained crippled, and 25 per cent went back to the front.

#### Russian Organisation

The Doctor stated that what is needed in Russia is good equipment for the treatment of wounded. As it stands now, every group of 200 men has four men-nurses for first aid. One man has charge of 25 soldiers, always remains near them, bandages wounds and also tries to assure protection against a second wound. Dr. Smirnoff emphasises the importance of this. He said that by sheltering temporarily a wounded man in a less exposed place, for example a small trench, a second wound can be avoided before he is removed to the rear. The duty of the first aid man-nurse, who works in the front lines, is also to take immediate measures against the cold with blankets, sheep skins, and chemical warmers.

They have developed a technique for cutting clothes in order to dress the wound in a way that allows clothes to be tightened again afterwards.

The wounded, after first aid, as soon as possible are picked up on the battlefield and taken to the "Battalion First Aid Post" and then speedily moved to the "Regimental Post", where they get tea, food, and alcohol. For removal to the rear, there are padded sleeping bags, furs, etc.

On a very small scale transportation by Red Cross planes has been used. These planes must be able to land easily on skis. They are small and carry two men. They are used for urgent cases, but even more for transportation of doctors, drugs, blood for transfusions, serums and vaccines.

#### Women

More than 50 per cent of the doctors in the army are women, in dentistry, more than 75 per cent. More than 50 per cent of the nurses are women.

The women who go to the actual front volunteer for it, and are put in special medical brigades. They are supposed to stand the same hardships as the men. Dr. Smirnoff says that of the wounded officers, 7 per cent are doctors.

#### Blood Transfusion

A great quantity of blood is needed. Out of every 100

...in a ...  
...the ...  
...the ...

wounded; an average of ten need transfusions. They have only enough for six or seven. Transportation is the main cause of this shortage of blood. To take care of this difficulty, there are blood donors among the doctors and nurses themselves, who move near battlefields with the armies.



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By Authority of CIA

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By NRB

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April 30, 1942

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The following is the text of a message sent April 29 by Laval to the Ambassador here. I think this message has particular significance since it appears to be the first official word in confirmation of the press stories that Laval would like to play the role of intermediary between the United States and Germany. I also direct your attention to the words which are underscored:

"Tres Secret. Pour Votre Information Strictement Personnelle.

"Je me suis tres longuement entretenue avec l'Amiral Leahy a l'occasion de la visite protocolaire que je lui ai rendue.

"J'ai fait part a l'Ambassadeur des Etats-Unis Avec la plus complete franchise, des principes

directeurs de ma politique a l'egard de son pays.

"Je lui ai dit qu'en depit des injures prodiguees a l'egard de la France et surtout a mon egard, par la presse et par la radio des Etats-Unis, je ne ferai rien, je n'accomplirai pas un acte, je ne ferai pas un geste, je ne prononcerai pas un mot qui puissent etre interpretes comme etant hostiles ou meme inelegants a l'egard des Etats-Unis.

"On m'a souvent represente comme fasciste. Je reste au contraire, attache a la liberte et a la Republique, mais je suis nettement oppose a toute restauration d'un regime soi-disant parlementaire comme celui qui a conduit mon pays dans l'abime.

"Je suis, il est vrai, absolument oppose au bolchevisme et je ferai tout pour eviter que la France soit infectee par ce fleau.

"La propaganda britannique, gaulliste et americaine, m'a accuse de nourrir des desseins d'agression contre les colonies francaises passees aux gaullistes. Il est vrai que si je le pouvais, je prendrais de Gaulle et ceux qui le suivent, a la gorge. Mais je ne dispose pas des moyens militaires necessaires. Par

consequent, quelles que soient les accusations portees contre moi par les juifs et par les emigres, je ne songe pas a faire attaquer ni la Syrie, ni l'Afrique equatoriale, ni la Nouvelle-Caledonie.

"Par contre si les Etats-Unis attaquent des possessions franciases comme Dakar ou Casablanca, la France se defendra.

"Ma politique est basee sur la reconciliation avec l'Allemagne sans laquelle je n'apercois aucune possibilite de paix, ni pour l'Europe, ni pour la France, ni pour le monde. J'ai la certitude que l'Allemagne sera victorieuse. Mais meme si elle etait vaincue, ma politique a son egard resterait le meme, car elle est la seule qui soit dans l'interet d'une paix definitive.

"La France ne fera rien pour rompre les relations diplomatiques avec les Etats-Unis. La France ne prendra aucune initiative. Au reste est-il remarquable que la Wilhelmstrasse, bien que representant une nation victorieuse, n'a jamais demande a la France de se livrer au moindre acte hostile aux Etats-Unis.

"Les Etats-Unis sont actuellement en guerre. La France, elle, a une position differente. Elle a paye par le sang de 125.000 morts et de 300.000 blesses et par la perte des deux tiers de son territoire metropolitain, le droit d'attendre dans une paix relative, la fin de la bataille. A ce moment, je suis convaincu que la France sera l'intermediaire necessaire entre les Etats-Unis et l'Europe. Personne plus que moi ne le souhaite, et je vous rappelle les multiples preuves que j'ai donnees dans ma vie de mon amitie pour l'Amerique, sans parler des considerations familiales qui me font sympathiser avec votre pays. Aussi, n'hesitai-je pas a repeter que rien ne me fera departir de mon attitude a l'egard de votre pays.

"Je suis aussi attache a la paix que quand j'etais jeune depute socialiste et je suis determine a assoir la paix francaise dans une Europe regenee, sur des bases desormais inebranlables. Votre pays n'a pas vu de ses yeux comme je l'ai vu moi-meme ce que peut etre une defaite comme celle eprouvee par la France. J'entends consacrer le reste de ma vie a tout

faire pour que de tels malheurs soient pour toujours  
epargnes a mes compatriotes.

"L'Amiral Leahy m'a dit qu'il etait tres satis-  
fait de la nettete et de la clarte de mes explications  
qu'il allait transmettre de toute urgence au president  
Roosevelt.

"Il m'a dit que quand l'Allemagne serait vaincue  
par son pays, nous retrouverions les amis que nous avons  
aux Etats-Unis. Il a ajoute qu'il ferait tout, de son  
cote, pour eviter une rupture entre nos deux pays,  
rupture, a t-il qui serait un malheur tant pour la  
France que pour les Etats-Unis.

"J'ai pris conge de l'Ambassadeur americain en  
l'assurant qu'il pouvait absolument compter que, de mon  
cote, tout sera mis en oeuvre pour eviter tout malentendu  
et, a plus forte raison, tout ce qui pourrait conduire  
a la rupture.

"Les informations ci-dessus sont uniquement destinees  
a votre connaissance personnelle. Elles ne doivent  
faire l'objet d'aucun commentaire, meme avec vos  
collaborateurs et doivent rester strictement secretes."

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By SP2

SEP 10 1974

On Wednesday April 29th, Pierre Laval sent the Ambassador the following important telegram, marked ultra-secret:

"VERY SECRET. FOR YOUR STRICTLY PERSONAL INFORMATION.

"I had a long interview with Admiral Leahy on the occasion of the official visit which I paid him.

"With complete frankness I informed the United States Ambassador of the chief principles of my policy in regard to his country.

"I told him that in spite of the abuse lavished on France and especially on me by the press and the radio of the United States, I would do nothing, I would not perform a single act, I would not make a gesture, I would not say a single word which might be interpreted as being hostile, or even impolite, towards the United States.



"I have often been called a Fascist. But on the contrary I am devoted to liberty and to the Republic, although I am completely opposed to any restoration of a self-styled parliamentary regime like that which led my country to the abyss.

"I am, it is true, absolutely opposed to Bolshevism, and I shall do everything in my power to avoid having France contaminated by that scourge.

"British propaganda, Gaullist and American propaganda has accused me of nursing aggressive designs against the French colonies gone over to the Gaullists. It is true that if I could I would take de Gaulle and his followers by the throat. But I do not have the necessary military resources at my disposal. Therefore, whatever accusations may be brought against me by the Jews and by the emigrants, I have no intentions of attacking Syria, nor Equatorial Africa, nor New Caledonia.

"On the other hand, if the United States attack French possessions such as Dakar or Casablanca, France will defend herself.

"My policy is based on collaboration with Germany, for without collaboration I see no possibility for peace, neither for Europe, nor for France, nor for the world. I am certain that Germany will be victorious. But even if it should be conquered, my policy in regard to it would remain the same, for it is the only country in favor of a definite peace.

"France will do nothing to break diplomatic relations with the United States. France will not take any initiative. Besides it should be noted that Wilhelmstrasse, although representing a victorious nation, has never asked France to engage in any act hostile towards the United States.

"The United States are now at war. The position of France is different. With the blood of

125,000 dead and 300,000 wounded and with the loss of two-thirds of her home territory she has paid for the right of awaiting the end of the war in relative peace. I am now convinced that France will be the necessary intermediary between the United States and Europe. No one wishes it more than I, and I remind you of the many proofs I have given during my life of my friendship for America, not to mention family considerations which make me sympathize with your country. Also, I have not hesitated to repeat that nothing will make me change in my attitude towards your country.

"I am devoted to peace as when I was a young Socialist deputy and I am determined to assure French peace in a regenerated Europe, based on indestructible principles. Your country did not see with your own eyes, as I have seen, what a defeat like the one experienced by France can be like. I intend to dedicate

the rest of my life to doing everything possible so that such misfortunes be forever spared my countrymen.

"Admiral Leahy told me that he was very pleased with the distinctness and clarity of my explanations, which he would immediately give to President Roosevelt.

"He told me that when Germany would be conquered by his country we would find again the friends which we have in the United States. He added that for his part he would do everything to prevent a break between our two countries, a break, he added which would be as unfortunate for France as for the United States.

"I took leave of the American Ambassador, assuring him that, for my part, everything would be done to avoid any misunderstanding and especially anything which might lead to the break.

"The information above is destined only for your personal knowledge. They are not to be the object of any discussion, even with your

-6-

colleagues, and must remain strictly secret.

No. 464

April 30, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT:

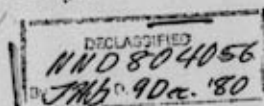
FROM: William J. Donovan

I thought you might be interested in the following comment contained in a letter written December 22, 1941, by a Peruvian diplomat in Berlin:

"All is calm here. The country is working at full blast and with the most formidable organization, nothing like it has every been seen, so that there is no power that can break this 'Axis'. That is my opinion. I won't speak of the whipping the Anglo-Americans are getting in the Pacific! Already the effects of the Japanese victory are being felt - it was no surprise to me."

The following is an excerpt from a communication from someone in Berlin to Carlos Heeren Y Elias, of Lima, Peru, dated December 18, 1941.

"Let us hope that they will keep their heads





over there (in Peru) and not get us mixed up in matters which are no concern of ours. There is a lot of talk and propaganda, but I am convinced. that no one will ever conquer the Axis. It is a perfectly organized bloc, with enormous potentialities.....The people are suffering, but they work with undeniable patriotism to bring about victory. Much is made of the Bolshevik victories, but it will be seen within a few months that these are only the illusions of the Reds. There is also talk of possible revolution. That is nothing but a colossal lie. Undoubtedly now that war has broken out in the Pacific everything has become more complicated and far-reaching, but in the end we shall see what we shall see! Everything here is normal and completely calm."

No. 465

May 1, 1942

12:00 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

I am attaching a pamphlet which was prepared by our Publications Section in consultation with the Navy Department. It is intended for distribution in places like Australia, England, Ireland, etc.

No. 466

May 1, 1942

12:00 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following is from the British Political Warfare Executive Weekly Analysis of German Home Propaganda:

"1. Hitler's speech was his first since September, 1939 which actually lowered morale and confidence. The Germans were given discouraging answers or none at all to nearly all the vital questions troubling them.

"2. It may no longer be possible to attribute to the Propaganda Ministry responsibility for all that appears as "propaganda", since the acute internal conflict in Germany is now producing such serious divergencies. It may be difficult to find a thoroughly consistent purpose or closely integrated picture.

"3. The Nazi party is being given increased prominence. This seems to be a permanent trend. Hitler, having definitely cast in his lot with radical extremists, is now doing everything to strengthen the party organization. Making terrible examples of a few party officials, such as those known to be corrupt, may be included in this program."

No. 467

May 1, 1942

12:00 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following is from the Weekly Italian Directive of the British Political Warfare Executive.

"1. Italy:

a. Worsening of the internal situation. Weakness of Germany means heavier calls for manpower on Italy, planes for Malta, troops for Russia, thus increasing domestic difficulties in Italy and making basic problems of food production and distribution more acute;

b. Fascist propaganda seeks to divert the attention of Italians from the German internal situation as revealed by Hitler's speech;

c. Rumours of political crises must be treated with utmost caution. In the past, hopes of the crown's taking the initiative have so often been frustrated that it would be dangerous to indulge in comments and deductions without convincing evidence. It may be that rumours of constitutional crises have been deliberately set afoot to put pressure on the crown to commit itself even more deeply to the Fascist regime.

d. The meeting of Mussolini with the prefects was probably concerned with food problems. The powers of military tribunals and prefects have been greatly extended, and Mussolini seeks shelter behind their authority. This decentralization evidently is aimed at local solution of food problems, which further confirms the breakdown of the Fascist system;

e. That the Fascists are anxious is confirmed by the greatly increased jamming of foreign broadcasts.

2. France: Hitler's current favorite is Laval, not Mussolini. We must expose the failure of Mussolini's policy indicated by the significant silence which is maintained by Fascist propaganda on Italian claims on Tunis, Corsica, etc. and re internal affairs in France.

3. Mediterranean: Roosevelt's statement on American warships in the Mediterranean whenever news permits should be repeated. Hint at fact that American Navy has access to Mediterranean both through Suez, and this is of particular importance because of American base in Eritrea, and via Gibraltar.

No. 468

May 1, 1942

12:00 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following is the text of a Message sent by Henry-Haye to Vichy on April 29th:

"Votre Excellence a deja recu par les Agences le texte complet du discours prononce a la radio par le President Roosevelt. Ce discours avait pour objet principal d'annoncer les mesures draconiennes imposees par la marche de la guerre;

"Il y a dans l'allocution du President un long passage nettement desobligeant pour la France, et, a cet egard, il faut deplorer que le compte-rendu telegraphie par l'Amiral Leahy, de sa conversation avec Votre Excellence ne soit pas arrive a temps.

"Quoi qu'il en soit ces outrances verbales n'impliquent en rien un changement quelconque d'attitude de la part du Departement d'Etat."



No. 469

May 1, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT

From: William J. Donovan

This report, covering highlights of the week's war on the propaganda front, is based on recording of shortwave broadcasts at FCC's listening posts in Washington and Portland, Oregon; the Columbia Broadcasting System's listening posts in San Francisco and New York; on medium wave broadcasts recorded by the British Broadcasting Corporation, and by our own monitors.

Main Axis propaganda lines remained negative and defensive this week.

Once again they stressed for the most part what the United Nations could not do rather than what the Axis powers could accomplish; the emphasis repeatedly was on United Nations weaknesses rather than on Axis strength.

The war of nerves technique has in effect been abandoned by the Axis this spring. It no longer plucks at the nerves of various peoples with predictions of imminent violent assaults on numerous fronts, bragging of invincibility and recent unprecedented victories. (Apparently the propagandists of the enemy are too busy politicking their own gangling.)

With the breakdown of the blitzkrieg, the strategy of terror has been replaced by the tactic of verbal defense. The basic task of Axis propaganda appears to have changed from that of terrorizing the enemy to preventing events and allied propaganda from cracking Axis morale.

Main Axis propaganda lines were: (1) The RAF raids are senseless, costly and barbaric since cultural monuments are being systematically destroyed; the Luftwaffe is executing reprisal raids; (2) An invasion of Europe is impossible; (3) American production is behind schedule due to shortages of raw materials, and it cannot overtake Axis war production; (4) Britain and the United States are facing inflation; (5) Roosevelt failed to keep his election promises, has decided to abandon free economy and reorganize national finance to the advantage of the rich but against the interests of the small wage earner; (6) Europe solidly supported and praised Hitler's speech, which described the brilliance of the German army in holding the Russians during the winter; (7) Allied reports of an Axis peace offensive and internal weakness in Italy are false; (8) The United Nations are being defeated in Burma, which means that China will be completely cut off from all aid.

Axis propaganda on the RAF raids over Europe revealed their effectiveness. "Considerable damage" and "many casualties" in Rostock were admitted. From the unprecedented amount of propaganda on the RAF raid against Luebeck, it seems clear that

On the production front, the Axis insisted that this raid, too, was devastating. Churches, schools, hospitals, old houses, cultural monuments were reported destroyed and the British were described not as weak and decadent but as fierce barbarians.

(The Axis thus aided our war nerve campaign by painting the British as people to be feared rather than as meriting contempt.)

The RAF was said to have lost 673 planes from January 1 to April 28; the raids were therefore too costly to have been worth while, it was claimed. Heavy emphasis was placed on the "reprisal" raids against Norwich, Bath and Exeter.

Here we see the direct German coordination of military and propaganda planning and execution. The raids of the non-military English centers were, quite obviously, made to underline the Axis claim that the RAF was concentrating on "cultural" objectives.

The Axis line that an invasion of Europe is impossible continued strong. Shortage of shipping and weakness of Allied naval force remained the dominant arguments.

Bremen in Dutch said of the Allied invasion talk:

"It would be a pity if the people of the occupied regions were to believe this bluff... we have given this talk simply to save some among you from having false hopes and disappointments afterwards."

That tells a large part of the story of what the people of Europe are thinking and hoping, what the Nazis are jittery about and how effective our broadcasts to the continent about invasion have been.

On the production front, the Axis insisted that the U. S. can't perform miracles overnight, that it would be impossible to overtake the German war machine which took five years to build up. The main emphasis on U. S. production difficulties centered on shipping. (Another indication of the effect of our second-front war of nerves.)

It was claimed that the United Nations had lost 19 million tons of shipping since the war began and that the U. S. was losing ships faster than they could be built. Shortages of steel and machinery to make tools were said to be hampering the American war effort.

Roosevelt is a dictator and is inflicting the hardships of inflation on Americans, the Axis declared, but he will be protected by the \$30,000,000 legacy his mother left him. The Axis claimed: the majority of Americans are losing their security; cost of living has gone up 30 per cent; Congress will oppose Roosevelt's policy of economy control; farm bloc protests; the American way of living for the maintenance of which the war is being fought is being abolished.

The Axis beamed resumes of the Hitler speech all over the world. Otherwise its handling of the speech, which was much weaker and less intensive than that of previous Hitler speeches, consisted in quoting glowing reactions from the press and radio of various European nations.

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the N. 2. can't believe miles  
on the horizon

-5-

The comment and propaganda on the speech did not recount any crushing victory. It spoke merely of the "Brilliant Nazi success" in holding the Russian Army during the winter. This is a far cry from the blanket of terror Nazi propagandists used to place over the world following one of the Fuehrer's pronouncements. The best that could be offered was a promise, merely a promise--that the Bolsheviks would be crushed by the German Army. But even this promise was weak. No time for the Russian defeat was given as in former days.

Perhaps no Hitler speech in recent years was such poor propaganda material; certainly no recent Hitler speech was so badly exploited.

That fact is symptomatic of the entire war of the fourth front.

American short-wave radios bombarded Europe with reports of the incessant RAF raids on the continent, stressing their increasing tempo, their effectiveness in destroying Axis military objectives, of creating havoc with Axis war production, the aid they are giving Russia by creating a second aerial front with all which that implies.

We continued to pluck the harp of taut Axis nerves by reporting all indications pointing to plans for an invasion of Europe, although refraining from actual threats or predictions.

The Axis propaganda picture: Americans weren't really play boys, but determined to make high sacrifices to beat the Axis.



This type of story has become one of our continuing items, which we repeatedly hammer at from all news angles.

Hitler's speech was immediately recognized by all stations as a good story for our side and we shot it right back to Europe after placing it in its proper perspective. We pointed out how encouraging it was for the United Nations, what difficulties it indicated the Nazis were facing on the home front and in Russia. We used a considerable amount of American press reaction to the speech as well as the comments of Ambassador Davies and Secretary Hull.

The speech enabled us to take a positive and aggressive line. Thus, despite the fact that we were answering an Axis spokesman, it was the Axis that was on the defensive throughout. The situation was so bad for the Axis that after a few days their propagandists were reduced to answering our comments and interpretations of their own leader's speech.

We used the President's speech to good effect. Text and summaries were repeatedly sent out in numerous languages. We compared the speech to those of Hitler and Mussolini, pointing out that it was more confident and more frank. The fact the speech indicated that the U. S. was all-out in all respects to win the war at all costs, must have made a great impression on Europeans. This painted a different picture of Americans from the Axis propaganda picture: Americans weren't flabby play boys, but determined to make huge sacrifices to beat the Axis.



At the end of the week unrest in Italy was plugged hard just as at the beginning of the week unrest in France was played heavily by the stations.

Although the Burma story received a confused handling by some independent stations, this was compensated for somewhat by stories of successes against the Japanese in the air in other parts of the Far East.

We continued to report Russian successes in the East and also pointed out reports that aid from Britain and the U. S. was reaching Russia in increasing quantities. Deliveries, we said, were up to the point agreed upon by the Russians, the U. S. and Britain in the original agreement to aid the Soviets.

The celebration of May Day here and elsewhere was a prominent theme today.

In sum, the initiative on the fourth front remained with us. We exploited our advantage and kept the Axis on the defensive.

No. 470

May 2, 1942

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The Norwegian Prime Minister was in to see me yesterday. He developed this thesis with which you are no doubt familiar. In the event you are not I thought that you should be prepared.

He was concerned with the new front, but he wanted it to be developed in the Northern part of his place and have the drive move to the south. He said that is what Churchill promised him some time ago. He said that they have a number of men in the north that would need to be supplied.

No. 471

May 2, 1942

12 Noon

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

Lord Beaverbrook came in to see me several days ago. He had Ben Smith with him. Beaverbrook said that Smith had cleared himself with you and that he thought Smith could do a special job somewhere abroad.

I replied that nothing could be done until I received clearance with you, and that I knew of no place where he could go, except that Beaverbrook might use him in England.

I do not know the significance of all this, but I want to lay it before you.

No. 472

May 2, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The following is from the British Home Intelligence report for the week ending April 29.

"The dominant note in all regions is expectancy, ranging from 'more active warfare in Europe' to 'firm conviction that this year we invade the west'. The Commando and R.A.F. raids have had a tonic effect. Speculation on 'coming Allied offensive' has been caused by German precautions in the west, by Beaverbrook's demand for a second front and by the Marshall-Hopkins visit.

"Vichy - There is anxiety as to the future of the fleet. Laval is still hated and hopes of a successful attempt on his life are expressed.

"Russia - There is little comment but gratitude, confidence and admiration persist.

"Russian talks and films are still the major incentive to increased production."

"Far East - There is continued satisfaction on the Tokyo bombing, otherwise interest has declined. Only a minority indicated anxiety on Burma.

"Malta - There is admiration for the defense and for the people's spirit coupled with the demand to bomb Rome.

"Hitler's speech - 'He has a pack of trouble on his own front.' 'Nothing in it to discourage us.'

"Bath - 'The population stood up well. No sign of fright. There was pride in having taken it.' There was an exceedingly good response to the Ministry of Information loudspeaker van announcements. 'People immediately hurried to do as they were told'.

"Industry - There are fewer stories of slackness and idle time and less criticism of management.

"Budget - There continues to be favorable comment with protest against beer and tobacco taxes.

"Proposed Fuel Rationing - Public has reacted very unfavorably.

"Food - There is general satisfaction over the imminent control of luxury feeding and restaurant meals."

S-26

May 2, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT

From: William J. Donovan

The following is the text of a message sent by Henri-Hay to Vichy yesterday.

"J'ai été informé par l'Attaché de presse que M. Cordel Hull avait longuement reçu aujourd'hui M. Tixier, chef des gaullistes de Washington, récemment revenu de Londres où il s'était rencontré avec de Gaulle.

"Interrogé à sa conférence de presse, M. Cordel Hull s'est contenté de répondre qu'il avait interrogé M. Tixier pour avoir de lui des informations, comme il le fait avec les représentants d'autres groupements en lutte contre les ennemis des Etats-Unis

"Mais dans l'après-midi, le bureau de presse du Département d'Etat a convoqué les journalistes américains accrédités. Ceux-ci réunis, le porte-parole de l'Administration a déclaré que le général de Gaulle causait les plus sérieux soucis aux Etats-Unis du fait qu'il faisait de la politique et essayait de se faire reconnaître comme chef d'un gouvernement français, plutôt que de combattre les ennemis de la France et des nations unies; que si de Gaulle persistait dans cette attitude, les Etats-Unis seraient indubitablement conduits à lui retirer leur aide matérielle et morale; que les Etats-Unis n'entendaient pas s'immiscer dans le gouvernement de la



France et qu'il appartiendrait, après la victoire, aux français de se donner le gouvernement qu'ils voudraient.

"Aux dires de l'Attaché de presse, le porte-parole a bien précisé que les Etats-Unis s'intéressaient aux Free French, en tant que combattants, mais les ignoraient comme politiciens.

"Il semble que M. Tixier, sur les ordres de de Gaulle, ait posé une sorte d'ultimatum au Secrétaire d'Etat, stipulant une reconnaissance officielle des gaullistes comme gouvernement, et qu'il s'est heurté à une fin de non recevoir absolue.

"Je ne serais pas surpris que le rapport fait par l'amiral Leahy de sa conversation avec Votre Excellence n'ait été pour beaucoup dans l'attitude énergique et sans équivoque du Département d'Etat."

No. 473

May 4, 1942

12 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following information comes from the  
British Political Warfare Executive German Directive:

"Manpower Crisis:

- a. Show that the background of the conflict leading up to the Reichstag speech was war weariness and manpower shortage.
- b. Emphasize that Hitler, against the advice of the home front experts, has backed S.I.S. and Parteiapparat who have assured him that they can achieve a production increase by another turn of the screw. Show that Bormann and Himmler's efforts will have opposite effect.
- c. Stress the contrast between the principles of 'Gangsterstaat' and 'Rechtsstaat'. Stress that men who have no respect for law in international

affairs eventually show the same characteristics at home.

d. Using the example of Norway and other occupied countries, show that it is possible for an unarmed civilian population to resist successfully.

e. Appeal directly to the four million prisoners and foreign workers in Germany.

"RAF Offensive:

a. React in a light-hearted manner to the German 'Baedeker raids'. There should be no moralizing about vandalism. Taunt them for ineffectiveness.

b. Emphasize that the guilt for terror bombing is Hitler's.

"Western Nerve War:

Keep going the theme of Laval and Rundstedt-Politik where there is no panzer. Avoid using mere isolated stories of resistance. They should either be used as illustrations of effective unarmed resistance or should be strategically linked to the western front."

No. 474

May 4, 1942

12:00 Noon

MEMORANDUM FOR THE PRESIDENT

From: William J. Donovan

The following is from the Political Warfare Executive French Directive.

1. Problems:

a. Laval is consolidating his position. The initial shock occasioned by his appointment has not caused a lasting reaction amongst the French.

b. Laval is continuing the purge of the prefects and other administrative officials as part of his plan to insure internal security before making a further move. May be soon extended to North African territories.

c. As Laval is anxious to preserve good relations with the United States, he may swallow his pride to guard against a break.

d. Laval is preparing a left wing appeal to peasants and workers by putting himself forward as a "socialist", ready to cooperate in the New Order. Doriot and Deat are backing this campaign.

2. Tasks:

a. Show the French people that the ultimate result of Laval's game will be the loss of their rights, freedom, security as slaves of the German Reich. Laval's traditional cleverness must be shown up as short-sighted opportunism. The myth of "le Malin Laval" should be broken.

-2-

b. Petain's equivocal position must be forced to a head. The French people must realize that traitors to France are using Petain as a cover. Build up a "mise en demeure" of Petain. The Petain myth should be broken.

c. The left wing appeal must be counteracted by positive propaganda. The "socialist New Order of Europe" should be debunked.

d. Listeners should be convinced that they cannot remain outside the war. Counteract peace dreams and war weariness.

e. Drive home the fact that France is still in the war. General Giraud should not be mentioned.

THE WHITE HOUSE  
WASHINGTON

May 6, 1942.

MEMORANDUM FOR S.T.E.

What do you think of this?

I am quite sure that S.T.E. himself  
needs the fasting and also the humiliation  
and possibly the prayer.

F.D.R.



No. 475  
May 5, 1942  
6:00 P.M.

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

In reading Saul Padover's "Life of Jefferson" he relates that on June 1, 1774 in order to align Virginia with Massachusetts, Jefferson put through a resolution "for a day of fasting, humiliation and prayer."

The cooperation of the clergy in all the counties was invited in assembling the people. Padover says "Virginia was stirred as she had not been in decades" and then quotes Jefferson as follows: "The people met generally with anxiety and alarm in their countenances, and the effect of the day through the whole Colony was like a shock of electricity, placing every man erect and on his center."

The reading of this suggested the thought you might think the time has come to set aside such a day of "humiliation and prayer."

476  
May 5, 1942  
6:00 P.M.

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

As I examine some of the recent reports,  
I think there may be danger that some of our own  
people may unwittingly be led astray by the German  
peace offensive. A warning may be necessary to  
those who are actually in positions of responsibility.

No. S-27

May 5, 1942

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

On May 4 the following telegram was sent by the Ambassador to Vichy:

"L'Ambassadeur du Bresil, Carlos Martins, que j'ai rencontre samedi soir chez mon collegue et ami de Cardenas, m'a fait connaitre que, d'orde du president Vargas, il s'etait recemment; rendu chez M. Sumner Welles et qu'il avait dit a celui-ci que le Bresil ne comprendrait pas ue rupture avec la France. Le Bresil, a dit M. Martins, au Sous-Secretaire d'Etat voit deja d'un oeil defavorable les realtions de plus en plus intimes des Etats-Unis avec les Soviets. Si, en contre-partie les Etats-Unis romparent avec la France, l'opinion publique bresillienne et moins encore les hommes d'Etat de ce pays admettraient difficilement une telle position.

Le Bresil considere que la France, le moment venu, sera l'intermediaire necessaire entre les Etats

Unis et l'Axe, plus encore que ne le sera le Saint-Siege.

M. Carlos Martins, pour terminer, aurait appele l'attention du Sous-Secretaire d'Etat sur le fait important que serait l'association du Bresil a la position prise par l'Argentine.

Je crois, d'autre part, savoir que les diplomates chinois de Washington ont exprime des hesitations analogues au Departement d'Etat.

The following is a telegram sent by the French Minister to Mexico to the Ambassador:

"Pour l'Attache naval. Le Merope est definitivement immobilise dans le port de Tampico, et il n'y a plus aucune chance qu'il puisse reprendre la mer a destination de la Martinique, par exemple. Par contre, le Ministre du Chili me fait connaitre que son gouvernement serait dispose a utiliser ce navire et il se declare sur d'obtenir tant l'assentiment du gouvernement americain que celui du gouvernement chilien.

"Le Merope, le cas echeant, pourrait meme effectuer le voyage par le detroit de Magellan, si le passage du canal de Panama lui esait interdit par les autorites

federales.

"L'Ambassadeur a donne un grand diner auquel assistaient l'Ambassadeur de Turquie et Madame Ertegun, l'Ambassadeur d'Espagne, le baron et la baronne de Zuylen etc.

"Au cours du repas, Henry-Haye a ete mande au Department d'Etat, ou il a ete reçu par M. Atherton qui lui a fait part de l'occupation de Madagascar.

"De retour a la residence, l'Ambassadeur a dicte le telegramme suivant, qui est parti pour Vichy a onze heures du soir:

"J'ai ete appele ce soir a huit heres 45 au Departement d'Etat ou j'ai ete reçu par M. Atherton, directeur des affaires d'Europe. Celui-ci m'a fait connaitre que le President Roosevelt l'avait expressement invite de m'informer, avant que la nouvelle en soit communiquee a la presse et a la radio, que Madagascar avait ete occupee par les forces britanniques, avec l'assentiment des Etats-Unis.

"M. Atherton m'a declare, au nom de son gouvernement, que Madagascar serait rendue a la

France apres la guerre ou meme avant si l'occupation de notre colonie n'etait plus essentielle pour la defense des nations unies.

"Le message du gouvernement federal ayant ete porte a la connaissance de Votre Excellence par le charge d'affaires americain a Vichy, je m'abstiens d'en envoyer le texte complet.

"M. Atherton en terminant a exprime l'espoir que la France comprendra les raisons qui animent les nations unies et que les relations amicales entre nos deux pays ne seront point troublees.

"Je me suis contente de prendre acte de la communication qui m'etait faite reservant tout commentaire pour une visite ulterieure, apres instructions de mon gouvernement."



S-27

May 6, 1942

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The following is the text of a message sent by Henri-Haye to Vichy on yesterday:

"I'l m'est rapporte de tres bonne source que certains emigres de marque comme Mm. Camille Chautemps, Elexis Leger et Pierre Cot, songeraient a former un parti en marge du mouvement gaulliste.

"L'ancien ambassadeur William Bullitt appuierait vivement aupres du President Roosevelt et du Departement d'Etat les pretentions des personnalites on question et le communique du Departement d'Etat deniant a de Gaulle toute chance de reconnaissance politique, serait destine a renforcer le recrutement des partisans de M. Camille Chautemps.

"Le New York Herald Tribune a publie a ce sujet, une depeche de Londres disant precisement que l'exclusion par de Gaulle de M. Camille Cahutemps et

Pierre Cot est la cause de la decision du Department d'Etat.

Les Affaires Ettrangeres ont envoye a l'Ambasadeur le telegramme suivant:

"Le directeur politique du Yan executif de Chungking ayant fait a la presse internationale des declarations inexactes concernant la pretendue cessions de 50.000 tonnes de vaisseaux marchands aux Japonais, le Gouvernement francais a instruit M. Jean Paul-Boncour, son representant a Chunking, de bien preciser que la France avait ete saisie par le Gouvernement nippon du'une demande tendant a affreter 85.000 tonnes de vaisseaux marchands francais, lesquels auraient ete affectes a un trafix exclusivement commercial entre l'Indo-Chine, Chang-Hai et le Japon, a l'exclusion des theatres d'operations militaires.

"Or, apres echange de vues entre le gouvernement francais et le gouvernement des Etats-Unis par l'intermediaire de l'Ambassade des Etats-Unis a Vichy, cette negociation avec le Japon a du etre abandonnee. Aussitot apres, les autorites navales et militaires japonaises

ont requisitionne les navires en question, transfere les equipages et les pavillons, nous causant ainsi un prejudice considerable.

"L'attention du Yan executif a ete appelee sur ces faits, avec une demande ferme de publication d'un communique rectificatif.

"Une fois de plus l'attitude du gouvernement francais a ete systematiquement representee sous des couleurs totalement differentes de la realite. Une fois de plus les Etats-Unis ont mis obstacle a la mise en oeuvre d'arrangements qui, pris a temps, auraient evite le pire."

S-28

May 6, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT

From: William J. Donovan

The following is a series of six messages received at Vichy from French Ambassador Peyrouton at Buenos Aires:

1. Le Gouvernement argentin ne paraissant pas devoir modifier la position qu'il a adoptee dans le conflit mondial, telle que je l'ai definie dans mes precedents telegrammes, adhere au pan-americanisme et doit en consequence collaborer a la defense continentale. Il n'entend pas etre entraine dans la guerre, et il s'applique a maintenir une neutralite qui est dans sa tradition. Il a designe des representants au 70eme comite de defense inter-americaine a Washington, et il a participe a Montevideo aux travaux du comite de defense du continent americain, deux creations de la derniere conference de Rio de Janeiro. Mais il renonce, pour accroitre son armement, au benefice du principe du Lend-Lease et propose au gouvernement americain de regler au comptant ses achats de materiel. En meme temps, il refuse de participer a l'organisation des convois maritimes. Le gouvernement allemand aurait assure a Buenos-Ayres que les batiments argentins, quel que fut leur port de provenance ou de destination, circuleraient librement sans etre menaces.

2. L'Argentine resiste a la pression economique des Etats-Unis, mais sa dependance a l'egard de ce pays augmente en raison de: l'extension du conflit et de la diminution des relations commerciales avec l'exterieur.

L'industrie argentine en plein essor, est tributaire des Etats-Unis pour un certain nombre de produits essentiels (produits chimiques 88%, fer 90%, machines 95%, charbon 80%). Cette dependance, si la guerre se prolonggait, peserait sur la position politique de l'Argentine et l'obligerait sans doute a des decisions qui lui repugnent actuellement.

3. Les relations de l'Argentine et du Chili, troublees a maintes reprises dans le passe par des contestations de frontieres, sont devenues tres cordiales depuis la conference de Rio, ou les deux republicues andines ont adopte la meme attitude.

Le Chili a reserve l'accueil le plus favorable a la delegation qui, conduite par M. Guinazu, s'etait rendue a Santiago pour la ceremonie de la transmission des pouvoirs presidentiels. Un accord de troc a ete negocie portant sur les cereales et les ferrailles de l'Argentine, le charbon, le sulfate, le nitrate et le cuivre du Chili; l'etablissement d'une ligne de navigation entre les deux Etats a ete prevu.

4. La question de la defense du detroit de Magellan a fait l'objet de longs debats: l'Argentine ne s'opposerait pas a la militarisation du canal. Le Chili s'adresserait aux Etats-Unis afin d'obtenir l'armement necessaire a des defenses mobiles, mais il s'efforcerait d'assurer lui-meme cette protection sans intrusion des troupes americaines.

En depit de ses relations confiantes, le Gouvernement de Buenos-Ayres place des garnisons sur sa frontiere patagone dans des regions desertes parcourues librement, il y a encore quelques annees, par des tribues indiennes venues du Chili et qu'il s'agit de "latiniser".

5. La politique exterieure de l'Urugay qui prend le contre-pied de celle de l'Argentine, irrite beaucoup les dirigeants de Buenos-Ayres qui reprochent a M. Guani de preconiser une politique de provocation a l'egard des puissances de l'Axe, sans encourir aucune des responsabilites en raison des exigences de l'Urugay et de la faiblesse de son pays.
6. L'essor du Bresil a suscite ici de vives inquietudes: sa population triple de celle de l'Argentine, son action resolute en faveur du pan-americanisme, ses richesses minieres, sont autant d'elements qui lui assurent la primaute parmi les Etats d'Amerique du Sud, primaute que l'Argentine n'abandonne qu'a regret, et de cette perte grandissante, elle s'efforce de se consoler en rappelant qu'elle demeure dans l'hemisphere sud, le plus grand etat de race blanche.



No. 477

May 7, 1942

12:00 Noon

MEMORANDUM FOR THE PRESIDENT

From: William J. Donovan

The following is from the weekly general directive of the British Political Warfare Executive. Its in Germany being

"1. Strategy.

a. Europe. The significance of the scale of our April air offensive, in that it is proof of the inadequacy of the Luftwaffe to protect the German War Machine, should be rubbed in. From now on Germany's increasing shortage in equipment of every kind and her growing inferiority in the East will handicap her war effort. Germany is already obliged to reduce her air offensive against Britain to Baedeker bombings and cut down the scale of the Malta attack. Because this patent truth can no longer be hidden from the German people, Hitler is apprehensive.

b. The Far East. Japan's probable intentions in our long-term propaganda line, are seen as: Conquest of Burma, the extension of operations into North Eastern India, capture of New Guinea and Solomons, reduction of Corrigedor, Southward and Eastward extension of operations to Fiji, Samoa, New Caledonia, air raids on Ceylon and possible attempt to occupy the island, Air and Naval operations in Western Indian Ocean, and, in the event that a strategical course would make such a move desirable in Japan's interest, preparations for an attack on Russia.

c. The linking of the Eastern Theatre with the Western should be avoided, but so long as Madagascar leads, short-term modification of this is necessary. Madagascar must be linked with the battle of the Atlantic. A somewhat more prominent place will have to be taken by Far Eastern News generally.

2. Propaganda policy.

a. Both moral and physical results in Germany being produced by R.A.F. offensive. Germans are physically on the defensive in the West.

b. Poor effect on Italy was produced by Hitler's speech. Italian internal difficulties brought out even more strongly in Mussolini's address to the Prefects.

c. By giving a good deal of attention to France, accentuate the war of nerves during the coming week. Give impression that there are many more raids to come and that Laval will not find it easy to collaborate with a country which itself is showing more signs of nervousness and which is constantly being attacked in the French territory it occupies. It is important to go all out in discrediting Laval both as a politician who allowed himself to be used by the Germans to occupy a position which is even more difficult than that of actual Quislings, and as a traitor.

478

May 7, 1942

12 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

I wanted you to know that I am back in Washington and although feeling fit expect to be in full swing by Monday.

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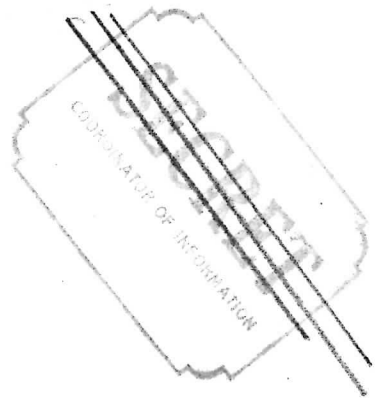
I am attaching a clipping from the New York Post of May 5th, which I thought you would be interested to see.



Associated Press Radiophoto

**WELCOMED TO THE MIDDLE EAST** by Commander in Chief Claude Auchinleck, Richard G. Casey (right), British Minister of State, is shown on his arrival in Cairo. This is the first picture transmitted by radio from Cairo and was made possible by equipment of the U. S. Co-ordinator of Information. The photo was sent to London and relayed to New York,

~~CONFIDENTIAL~~



DECLASSIFIED  
E.O. 13526  
Authority 7/14/09 CIA Oversight Review  
NARA PMH Date 6/13/12

DECLASSIFIED

E.O. 13526

Authority 7/14/09 CIA Oversight Visit  
NARA PWll Date 10/13/2012

~~CONFIDENTIAL~~

May 8, 1942.

MEMORANDUM for The President.

From: William J. Donovan.

The following report has been sent to me, by mail, by one of our representatives abroad. It is dated April 17th. You probably already know the information contained in it, but I send it in the remote possibility that you may not have had it called to your attention.

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In the summer of 1940, after the collapse of France, Spain's entry into the war on the side of the Axis was considered imminent, as at that time the Spanish Government and most of the Spanish high army officials firmly believed in German victory. In view of the vulnerability of the British naval base at Gibraltar, the matter of keeping Spain out of the war was of the utmost concern to the British Government, and it was Sir Samuel Hoare's chief endeavor to prevent Spain from joining Axis forces. Captain Allen Hillgarth, due to his long residence in Spain and profound knowledge of Spaniards and Spanish military and naval officers, was entrusted with the task of finding a way out of what seemed to be an important situation where the usual diplomatic and political means would be of no avail because of sweeping German victories and the weak position of the British Government.

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

It was decided that an endeavor should be made to create a hostile attitude in the Spanish Army circles toward Spain's entry into the war, and the best means to bring this about was judged to be suborning of the Spanish generals through gifts of money. The man selected for this action was the well-known Spanish capitalist, Juan March, who, it will be recalled, was the man instrumental in financing Franco's campaign.

A group of the top Spanish generals, numbering about 30, was approached by March, and his arguments to the generals were supported by a sum of \$10,000,000.00 put at their disposal by the British Government, and an agreement was made for six months, which was to expire in May, 1941, to the effect that the generals would insist on Spain maintaining her neutrality during that period of time. The money was deposited in New York, but the generals were allowed to draw certain amounts in pesetas which would be discounted against the total amount at an agreed rate when the "pay-off" day would arrive. I don't know the names of all the generals in the group, but I know that it includes the General Aranda, the famous defender of Oviedo, who now fills the post of Commandant of the War College in Madrid; General Orgaz, Commander-in-Chief in Spanish Morocco, and the High Commissioner of Canary Islands. General Aranda shares to the extent of \$2,000,000.00, as he is expected to be in charge of the Spanish armed forces when the "Falanga" is overthrown.

~~CONFIDENTIAL~~

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In May, 1941, the agreement was extended for another six months, and a further \$1,000,000.00 was added to the pool to cover the participation of new members.

A financial complication intervened late in 1941 with the advent of the United States Treasury freezing accounts of belligerents in the American banks, and I understand that with considerable difficulty it was finally arranged to have these funds transferred to Switzerland by a special, secret arrangement between the British and our Government. This money was deposited in Swiss banks and a company was formed in which these Spanish parties to the agreement held shares. Meanwhile, further advances in pesetas were made to the generals to cover their current and special expenses.

In the fall of 1941, the agreement was further extended until July, 1942, and another sum of \$2,000,000.00 was added to the fund, making a total of \$13,000,000.00 devoted to this purpose up to now.

It goes without saying that the entire negotiations were conducted with consummate skill, of which Juan March is capable, carefully covering up the British tracks and making it appear as an entirely Spanish move, financed by Spanish banks and invested interests, with the sole object of sparing Spain the horrors of another war.

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With the shifting of scenery on the international stage, with the Russian success and our entry into the war, these Spanish generals, while at first reluctant to enter into the agreement, today are most anxious to maintain it and have even gone so far as to suggest a definite, written pact to be made with the British Government, guaranteeing support and help to the generals when they decide to overthrow the present government and throw their lot in with the Allies. There is no insistence on the part of the Spaniards to have a bi-lateral agreement. They content themselves, according to my information, with binding themselves to an action in favor of the Allies when the opportune time comes, and simply desire that such an understanding be signed by an authorized representative of the British Government. Sir Samuel Hoare is hesitant in signing such an instrument, and Captain Hillgarth has been summoned to London for a conference with the Prime Minister on this subject, and is leaving Lisbon on the plane next Wednesday.

The source of the above information is absolutely unimpeachable, and the fact that Britain has been able to maintain Spain in a non-belligerent attitude in the face of all the British reverses adds weight to the above information. The importance of this plot cannot be underestimated when one considers that the Gibraltar naval base is at the mercy of Spanish guns, and that if anything should happen to Suez, Britain will need all the support in Spain to keep this country non-belligerent.

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I am anxious to bring this information to the attention of my Government because it is indispensable in our own evaluation of the Spanish situation. I need not add that the slightest indiscretion would forever discredit me in the eyes of my trusted British friends, and would, of course, dry up for me all sources of information.

Generally speaking, the situation in Spain is very critical and pregnant with all kinds of possibilities. Franco will soon have to decide whether he is going to part with the Army or with the Falanga. The animosity of the Army to the party is all but open, and it is only fear of consequences which keeps the pot from boiling over. Serrano Suner is openly pulling for the Axis, but it is believed that he will be removed from his present post of Minister of Foreign Affairs and will be sent in some diplomatic capacity to a foreign country. Graft and corruption are rampant, and the black market seems to be a chief means of revenue to all classes, high and low. The ordinary people suffer, as usual, as there is a great deal of hunger and misery throughout the land.

Invasion of Spain by Germany is not believed probable at the present time, as it is estimated that it would take at least 100,000 troops to do it, and all supplies would have to be brought in. At the present juncture, invasion by Germany would be opposed by guerrilla warfare, especially by

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the Navarrese and northern Spaniards, but it is not difficult to conjecture what might happen if Britain should meet with further reverses in the Mediterranean. The Spanish popular sentiment is overwhelmingly pro-Ally, and one or two successes on our side would bring this country into our fold completely. The Germans are thoroughly disliked because of their arrogance, bad judgment, and rapacity for Spanish food products which the country can ill afford to send away.

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~~CONFIDENTIAL~~

S-29

May 8, 1942

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The following is the text of a message received May 6th by the French Ambassador here from M. Boissier, French Minister to Ecuador:

"Hier, certains journaux de Quito ont publié des informations d'après lesquelles l'Ecuador pourrait rompre ses relations diplomatiques avec la France, si les Etats Unis rompaient les leurs avec le gouvernement français, ou encore qu'il est possible que l'Ecuador établisse ensuite des relations avec le gouvernement des Français libres.

M'étant rendu au Ministère des Relations extérieures, j'ai reçu du Sous-Secrétaire d'Etat l'assurance qu'un démenti serait publié sans retard, et que dans ce démenti, le Gouvernement placé sous l'autorité du Maréchal Pétain serait déclaré le seul légitime.



"Les journaux du matin publient tous ce dementi en bonne place et je m'empresse de vous en envoyer le texte pour le cas ou il pourrait vous etre utile de le posseder.

"Voici le texte: Habiendose publicado en la prensa el rumor que se producira una ruptura de relaciones entre el Gobierno del Ecuador y el de Francia, la Candilleria estima necesario hacer saber que esa noticia carece en absoluto de fundamento; que no se ha considerado en el Gobierno la posibilidad de tal ruptura de relaciones con el que preside el Marsical Petain unico reconocido como formalmente legitimo; y que el Ecuador, en uso de su soberania, decide y decidira siempre su actitud en cada circunstancia, de conformidad con los principios de su politica international."

No. 479

May 8, 1942

12 Noon

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following report comes to us from Luigi Antonini, President of the Italian-American Labor Council and First Vice-President of the International Ladies' German Workers' Union.

Italian anti-Fascists who were deported from France to Italy are being accorded good treatment in Italy at the present time despite their previous assaults upon Mussolini. These anti-Fascists, who were caught in France by the German invaders and then sent to Italy, are now being given daily allowances, suitable hospital treatment, and some freedom of movement though under guard. The treatment is said to be much superior to that received by Italian anti-Fascists who have remained in French concentration camps.

Mr. Antonini concludes from the foregoing that Mussolini now looks forward to the breakdown of his regime and that he is attempting to soften the opposition against the day of reckoning. This information, Mr. Antonini adds, is being kept highly confidential by the Italian anti-Fascists because they do not wish the war effort against Mussolini to flag, and they wish no distinctions to be made between Nazi and Fascist oppressors in consequence of Mussolini's weakening. They have asked, therefore, that this report be kept in the strictest confidence.

No. 480

May 8, 1942

12 noon

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

The attached is an original of the facsimile transmitted by radio from Cairo, a newspaper copy of which was sent you yesterday.



# CASEY GREETED UPON ARRIVAL IN EGYPT

RICHARD G. CASEY (RIGHT), BRITISH MINISTER OF STATE, IS GREETED BY GENERAL SIR CLAUDE AUCHINLECK, MIDDLE EAST COMMANDER-IN-CHIEF, UPON HIS ARRIVAL IN EGYPT TO TAKE UP NEW DUTIES. THIS IS THE FIRST PICTURE TRANSMITTED BY RADIO FROM CAIRO, EGYPT, TO THE UNITED STATES, AND MADE POSSIBLE BY EQUIPMENT OF THE CAIRO OFFICE OF THE U.S. COORDINATOR OF INFORMATION, WHICH RADIOED THE PHOTO TO LONDON WHERE IT WAS RELAYED BY RCA TO NEW YORK MAY 4.

No. 481

May 8, 1942

6:00 P.M.

MEMORANDUM FOR THE PRESIDENT

From: William J. Donovan

This report, covering highlights of the week's war on the propaganda front, is based on recording of shortwave broadcasts at FCC's listening posts in Washington and Portland, Oregon; the Columbia Broadcasting System's listening posts in San Francisco and New York; on medium wave broadcasts recorded by the British Broadcasting Corporation, and by our own monitors.

What the Enemy Did

The Axis had a slight advantage on the fourth front this week.

The propaganda edge thus won by the Axis was the direct result of military successes in Burma and at Corregidor, the Hitler-Mussolini meeting at Salzburg and the lack of any major development on the Russian front or the second aerial front in western Europe.

Although we had the jump on the Axis so far as Madagascar, the fighting in Russia and the RAF offensive in Europe were concerned, that was not quite enough to tip the balance of the week's battle of the mind in our favor.

Far Eastern successes were exploited fully by the Axis; in fact, they were milked dry. The war of nerves technique was handled in traditional Axis fashion: threats and predictions of



the various areas that would next suffer defeat were made, with appeals to the populations and governments of these territories not to resist, to surrender and finally cooperate with the Axis. The message of impending disaster (or "salvation") to the people of the Far East was hammered on the anvil of confusion and terror.

In Europe, however, the situation was different. Here the Axis failed in its attempts to exploit its story of the week: the Hitler-Mussolini meeting. They were unable to find any new slogans and the story was handled in a half-hearted, almost amateurish way. An attempt was made to crack the story, like a whip, over the nerves of Europeans and the peoples of the United Nations. But the treatment was faulty and was not concerted.

Evidently we have jabbed Axis propagandists off balance so consistently for the past month that they are slow in getting their stride.

Our propaganda offensive has also healed the raw wounds of allied nerves, and exposed and frayed those of the Axis.

Result: the Axis attempt at a war of nerves in the West was a dismal failure. Words couldn't drown the roar of the RAF bombs.

All Axis stations Friday morning broadcast reports of the naval battle off the Solomon Islands. It was called the Battle of the Coral Sea. The Japanese Imperial Headquarters communique was the basis of all Axis broadcasts. Our communique was ignored. It is evident, however, that the Axis will go all-out on the Battle. Thus far there are only straight reports which say that two U. S. aircraft carriers and a U. S. battleship were sunk, and a British battleship and cruiser were heavily damaged. Rome and Berlin reported,

however, that the British battleship, claimed damaged by Tokio was, in fact, sunk.

The biggest Axis story of the week was Burma. The main propaganda lines were: the fall of Lashio, Mandalay, Akyab means China is cut off from all aid; the collapse of Chungking is not far off; India is next in line for conquest; the Chinese used poison gas, and poisoned wells; the Allies were cruel to Burmese women; the Burmese are the ones to suffer from the barbarous scorched earth policy of the Allies; the Chinese resent having to do all the fighting while the British do nothing but withdraw; the Burmese are the Allies of the Japanese; the fall of Burma marks another step in the disintegration of the British Empire; the Chinese paid heavily to defend Burma; the allies have now lost all hope of launching an offensive against the Japanese; considerable oil was taken, since the Burmese fields are among the richest in the British Empire.

All these lines were plugged repeatedly and with great variety, mostly, of course, by Tokyo radio but to a considerable extent by the other Axis and satellite stations.

Axis propagandists hailed the fall of Corregidor as the greatest blow American prestige has ever suffered. They also claimed it was the greatest defeat American forces had suffered in modern American history. The claimed time for the capture ranged from three to 32 hours and the Axis declared Corregidor fell in less time than Singapore. The Allies, it was said, now have no naval base in the Southwest Pacific from which to launch an attack against the Japanese Navy.

Some Axis stations said the defenders fought well, but most said they lacked the combative spirit. Practically all the stations contrasted Wainwright's heroism with "acArthur's "cowardice." This was one of the juicier aspects of Axis propaganda on Corregidor. It was played fairly heavily.

We took some of the wind out of the sails of the Axis propagandists by announcing the fall of Corregidor before the enemy. That seemed to catch them flat-footed, and at first they reported the news straight without any propaganda twists. We, on the other hand, got all our angles in immediately.

The Axis line on the occupation of "adagascar by the British was that it was unjustified, of doubtful military value and a case of "naked rape."

It was unjustified because there were only two Japanese subjects and no u-boats there and, according to "aval, at no time had the Japanese made any demands on "adagascar.

It was of doubtful military value because the Japanese Navy controls the Indian Ocean and Burma is in Japanese hands.

It was a case of "naked rape" because, contrary to the Atlantic charter, the purpose of the occupation was for territorial aggrandizement, to get food stuffs, raw materials and shipping facilities.

Tokyo and Berlin went all-out on the story, predicting what Vichy reaction, which was slow in getting started, would be. The main line was that Vichy would cool toward the United States and draw closer to the Axis. All stations, including Vichy, shouted from the roof tops that the French people were indignant and that this was a case of "de-testable and disgraceful" aggression.

The Madagascar defenders were praised highly and the Axis said that the British had arrived there first but would not remain there. Berlin said the situation was reminiscent of Iceland, where the British gave way, after the occupation, to the Americans.

Vichy sent out the numerous official statements. Laval's, Petain's and Darlan's statements were used extensively, and the point most stressed was Laval's remark that any initiative toward a break in relations between Washington and Vichy would not come from France.

The Axis was very much on the defensive on this major story.

The Hitler-Mussolini meeting at Salzburg was handled differently by Rome, Berlin and Tokyo.

Only Tokyo treated it as a war of nerves story, claiming it meant a new offensive was about to be launched in the near East, the Mediterranean, against Russia. Tokyo said in fact: "Hitler has made plans to liquidate all the anti-Axis nations with one blow." Turkey would be drawn in too on the Axis side, Tokyo declared. It should be noted that recently Tokyo has been the most aggressive of all the Axis radios.

Berlin, on the other hand, said the meeting was the answer to the American radio, which has been filling the air with reports that the Axis is slackening in its war efforts. Berlin also called the meeting a "normal periodic" conference, which had a vast importance and would be followed by decisive developments. But this angle was not heavily stressed.

Rome stuck to the story longest and hit it most intensively. Rome particularly stressed the meeting as an argument in its claim that Italy was not interested in starting peace negotiations but would fight to victory. Rome's main point, however, was that the meeting was held to synchronize military and political efforts to lead the war to a successful conclusion.

Although the meeting was the first natural non-defensive story the Axis has had in some time, it was not played as a big offensive. The handling of the story lacked the terrific punch that previous Brenner pass stories had.

The Axis continued to claim huge United Nations shipping losses and for the first time since December claimed throughout the week that the Wehrmacht was advancing on the Russian front. The gains claimed were only local.

There was considerably less defensive propaganda this week on the allied talk of invasion of the continent and defensive propaganda on the RAF raids over Europe decreased as well.

On the Stalin speech the Axis said the Soviet leader revealed his apprehension over a bad situation, confessed his resources were insufficient and begged the democracies for arms. He betrayed his lack of trained men, was forced to tell his men to learn how to use their arms correctly, it was said. This was taken to indicate that "They are as clumsy as the soldiers of the Czar."

No mention was made of the Soviet goal--to win the war in 1942.



-7-

Late Thursday some of our stations were able to use the first reports of the naval battle off the Solomon Islands. By Friday morning, we were sending the story of the battle abroad on all shows. We stressed the fact that first official reports indicated the battle was going well-the news was excellent, we said. We hammered away at the fact that the Japanese losses were huge and emphatically did not take the view of some military "experts" that reports thus far received indicated a defeat for the United "ations. We did not commit ourselves to a United "ations victory. We let the facts thus far known speak for themselves, and we hammered away at the additive facts that so many Japanese carriers were sunk or damaged, so many Japanese cruisers, so many Japanese destroyers, etc. The total effect of such reports on the listener must have been devastating.

The big story of the week for American stations was the occupation of Madagascar. We hit that story hard, many stations devoting as much as 50 per cent of transmission time for two days to the news. We used the official U. S. statements frequently, pointed up ironically the difference in Vichy's attitude toward the British in occupying Madagascar and its attitude toward the Japanese when they occupied Indo-China. We stressed the fact that we were only safeguarding French territory until it would be out of danger of being snatched up by the Axis and, that eventually it would go back to the French.

We reported the Burma situation throughout the week and made the best of a bad situation. We pointed out that aid to China would continue and in this respect used the President's statement well.



-8-

We highlighted the effective use in Burma of the scorched earth policy and reported that it would be a long time before the Japanese could even begin to think of getting anything from the Burmese oil fields. The heavy price that the Japanese paid for Burma was also stressed and the entire story was balanced by reports of United Nations successes in the air in other parts of the Far East.

We did as well as could be expected on the Fall of Corregidor. We beat the Axis with the announcement of the news, and as a result were about to get our side of the story across first. We gave all the details of the communique released and frequently broadcast the President's last message to the defenders of the island. We recalled the great fight they had made, the long resistance they had put up, the valuable time they had gained for the United Nations, the value of tying up huge forces for a considerable period and finally the great price that had been exacted from the Japanese.

The RAF was not as active this week as it has been in previous weeks, with the result that its raids were not as effective material as they might have been. However, we reported the raids over Stuttgart and the raid on the Skoda Works. We also pointed up the reports that flowed in telling of the effectiveness of the previous week's raids on Rostock. The evidence of the damage to Rostock was particularly well handled and the writing was clearly on the wall concerning the fate of other German cities that are legitimate military targets of the RAF.

Of the Hitler-Mussolini meeting we said that such conferences no longer make history; that day is past. The meeting was interpreted, on the whole, to mean that the Axis is worried. Its main objective, we said, was to prevent Mussolini from falling off the Axis bandwagon. We tied this story in with reports of unrest in Italy. The concern of the Italian radio throughout the week indicated that our handling of the story was effective. In sum, we did a thorough job of debunking the importance of the meeting of the two dictators.

Reports of Russian successes continued to be stressed. We emphasized toward the end of the week, the beginning of an offensive by the armies of Marshall Timoshenko. This was effectively handled as was the Stalin speech, which we shot over to Europe as a morale builder, stressing the fact that Stalin hoped to clinch the war in 1942.

Our talk of an invasion of Europe decreased this week. The Axis radios noted the fact, said we had been bluffing but that now we had become more sensible and had given up the idea.

S-30

May 9, 1942

MEMORANDUM FOR THE PRESIDENT

FROM: William J. Donovan

The following is a message sent by Laval to Henri-Haye:

"Je vous adresse ci-apres le texte de la note que j'ai remise a M. Pickney Tuck, charge d'affaires des Etats Unis, en reponse a la note de son gouvernement concernant l'occupation de Madagascar:

"En reponse a la note remise aujourd'hui par le Charge d'affaires des Etats Unis, le gouvernement francais eleve la protestation la plus energique contre l'agression dont Madagascar vient d'etre l'objet par les forces britanniques.

"Il prend acte de l'assurance donnee que Madagascar sera un jour rendue a la France. Il repousse comme inadmissible la pretention du gouvernement des Etats Unis d'interdire a la France de se defendre lorsque son territoire e est attaque. Le gouvernement francais

seul juge de l'obligation que son honneur lui impose. C'est ainsi d'ailleurs que l'ont compris les défenseurs de Madagascar; ils n'ont pas hésité malgré leur infériorité numérique à accomplir tout leur devoir suivant les plus nobles traditions des armées françaises.

"L'Angleterre a si souvent depuis l'armistice manifesté son hostilité à la France que l'agression à laquelle elle vient de se livrer contre Madagascar ne saurait surprendre le gouvernement français.

"Le gouvernement français contre a le regret de constater que le Gouvernement des Etats Unis approuve et appuie aujourd'hui le gouvernement britannique et il ne peut que laisser au Président Roosevelt la part de responsabilité qui lui incombera dans les conséquences qui pourraient résulter de cette agression."

"Pour votre information: En remettant la note à M. Tuck, je lui ai déclaré: "Cette note est brève mais elle contient l'essentiel de ce que je vous ai dit ce matin. Je pourrais ajouter des considérations d'ordre sentimental. Je sais qu'elles sont au cœur de tous les Français et de tous les Américains qui se souviennent de

leur histoire. Vous avez assiste l'autre jour a mon entretien avec l'amiral Leahy. Je tiens a vous repeter qu'un geste definitif entre nos deux pays ne viendra jamais de la France."

The following is a message sent by the Ambassador to Vichy:

"Le senateur Conally, president de la Commission des affaires Etrangeres du Senat, a declare aux journalistes dans les couloirs du Senat qu'il considerait comme inopportun en ce moment de se livrer a une agression armee contre Dakar, qu'il estimait egalement eu egard au controle que les Etats Unis ont sur la Martinique qu'une operation americaine sur cette ile etait contre-indiquee aussi longtemps que les Etats Unis n'yetaient pas menaces.

"M. Cordell Hull, de son cote, a declare aux journalistes qu'il etudiait la note de Votre Excellence pour sa voir s'il est necessaire d'y repondre.

"En raison d'une accentuation des campagnes de presse concernant la Martinique, ainsi que des conversations que notre Attache naval a eu avec dehautes

personalites de la Navy, j'estime qu'il serait hautement opportun que Votre Excellence renouvelat a propos de nos possessions des Antilles, les assurances formelles qui avaient deja ete donnees par l'Amiral Darlan.

"J'ajoute que la version recueillie dans les milieux navals par le Commandant de Bourgoing est que les autorites americaines nous demanderaient pour la Martinique des garanties semblables a celles dont ont beneficie les japonais en Indo-Chine."



No. 482

May 9, 1942

8:30 A. M.

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

I pass this on to you for what it is worth. It comes from an informant who has contacts in Switzerland, Norway and other European countries. I would want to know more about him before I would wholly accept what he says.

He claims to have heard from German sources that Hitler expects to attack England as soon as weather conditions are favorable. This attack, to be lead by Field Marshal von Runstedt, will be made by approximately thirty-five divisions. General Liszt, who has been in charge of the German Army in Norway, reputedly is to aid Field Marshal von Runstedt. It was asserted that Hitler desires to occupy only a sector of about one hundred miles in Southern England.

According to this source of information, the morale of the German troops is low and they are not anxious to engage in this battle. The informant stated that Hitler and the other officials of the Nazi Party are having difficulty with the Army leaders, and the recent power given to Hitler to deal summarily with every individual in Germany accordint to the informant, will bring revolution and Hitler's downfall.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED  
DATE 07-11-01 BY 60320 UCBAW/STP

-2-

In view of these facts, the informant stated that now would be a good time for the United States Government to start a propaganda program claiming that this country is fighting Hitler and his Nazi gangsters but is not opposed to the enslaved German people. Radio broadcasts in connection with this program assertedly would demoralize German soldiers who are permitted to listen to enemy radios.

The informant further advised that several of the civil groups in Germany are planning to place one Goerdeler as the civil head of Germany after Hitler is overthrown. Goerdeler, the informant continued, was formerly the borgomaster of Leipzig and reputedly hates Adolf Hitler. However, he has worked so long for the Hitler regime, the informant said, that he cannot be trusted. He has a long record of suppressing Labor and carrying on other like activities and it was the informant's opinion that the German public in general would not support him.

*file*  
No. 483

May 9, 1942

8:30 A. M.

MEMORANDUM FOR THE PRESIDENT:

FROM: William J. Donovan

Thank you for sending me a copy of the letter from the Undersecretary of State and the memorandum attached.

It is a pity that Mr. Berle could not have been better informed before burdening Mr. Welles with the kind of gossip contained in the latter's letter to you. I only hope that the German Army will melt away as rapidly as my alleged force of ninety agents in Mexico melts under investigation.

It appears that the only evidence offered to support the ninety-men legend is a reference to a purported statement by an unnamed "high official" in the COI. If such an absurd remark was ever made by anyone associated with me, I should be glad to know the identity of such person, because, whatever his motive, he would no longer have any usefulness here.

It is made to appear in the Berle memorandum that we had certain men operating in Mexico and that prior to April 1st of this year ONI "took over" from us. This is not the fact. What really happened is that for some months

before September, 1941, ONI had been conducting a special intelligence service under a civilian director named Wallace B. Phillips. As an integral part of this service there was a small unit consisting of four men (two of whom were Coleman and Thompson referred to here) in Mexico. I understand that FBI was fully advised of the existence of this service. When, after consultation with Mr. Hoover, I complied with the request of the Army and Navy to conduct special intelligence for them, the then director of Naval Intelligence, Captain Kirk, asked me to take Mr. Phillips into our organization. I agreed. However, when Phillips came with us he continued to act as director of special intelligence for ONI, until December 1, 1941, when he was relieved from his duty with the Navy officially. ONI had not at that time made arrangements for the handling of these men, and asked Phillips to continue to direct them until the Navy could make arrangements to relieve him of that responsibility. We permitted Mr. Phillips to act in this capacity for the Navy as an accommodation and to preserve their existing source of information. These men did not report to the COI, nor did we direct their activities.

♦

With reference to Mr. Donald Downs, whose presence in Mexico City is interpreted by Mr. Welles as proof that we were dealing in Latin American activities, the reason for Mr. Downes' presence in Mexico City, after clearance by the FBI, is fully set forth in the following memorandum to me from Mr. Allen W. Dulles of our New York office, who handled the matter:

"This is in reply to your request for a report on Donald Downes. This man has been of real value in obtaining information. We have introduced him to FBI, which has found him helpful, and he has also rendered, I believe, a considerable amount of service for G-2.

"With regard to his trip to Mexico, the situation is as follows:

"Some weeks ago we ascertained that a group of Spanish Republicans in Mexico had certain information, particularly lists of names, which we were anxious to secure in order to complete certain reports on which we were working. It seemed unwise to trust these lists to the mails. The disclosure of the names would, we felt, not only impair the usefulness of the individuals but also imperil their lives. It was, therefore, necessary to have a messenger who could go to Mexico and bring back the information.

"Accordingly, we facilitated his trip to Mexico City and secured the necessary airplane priorities, after having previously conferred with the FBI's liaison man with us. I subsequently ascertained that this FBI man made a full and accurate report to Washington.

"I suggested to Downes that when he was in Mexico City he might present my compliments to my good friend, Ambassador George Messersmith, and that, if he obtained any information which could be of any value to Messersmith, he should advise him fully. Downes told me that he called on Messersmith, and I also had a letter from Messersmith, very largely on other matters, in which he mentioned Downes' visit.

"It was originally contemplated that Downes would only stay in Mexico over one plane in order to pick up the material that we desired; however, because of difficulty in obtaining plane accommodations, he spent four days in Mexico.

"This matter seemed to me to be of such a routine character that I did not consult with you before Downes left New York. I may add that Downes acted solely as a messenger and had no authority to hold himself out as a representative of COI or to take any action whatsoever other than to secure the desired papers and bring them back to the United States."

The action taken by Mr. Dulles was entirely consonant with the understanding that I had with the FBI, as appears from the following extract from my letter to Mr. Biddle of January 10th, a copy of which was sent to you, to ONI, and to G-2, as well as to Mr. Berle and the Secretary of State:

"It is apparent that our active participation in the war may mean the use of South America as a clearing house for enemy activities in other areas of the world. Occasion may thus arise where



we will be compelled to pursue inquiries in South America affecting other parts of the world. Of course, we would not undertake such inquiries without first informing your Department, and I am assured by Mr. Hoover that there would be no difficulty in working out such an arrangement."

Mr. John Dennison, whom Mr. Berle describes as "unaccounted for", has never been employed by or known to me.

Likewise, Mr. Robert W. Blauvelt, referred to in the memorandum, has never been employed by and is not known to us. We did send Mr. Hiram K. Blauvelt to South Africa, after clearance by the State Department, but he has never been to Mexico for us, and indeed has apparently never been there at all since a hunting trip two years ago, the results of which are described in a memorandum from Bob Sherwood, which I here incorporate in full:

"I have checked most carefully on the strange case of whoever it was purported to be Robert W. Blauvelt and a representative of the COI in Mexico City. As I believe Ed Johnson has already reported, our man, Hiram Blauvelt, was on a hunting trip in Mexico two years ago and shot a puma, which, I believe, he had stuffed and presented to the President of the United States.

"We knew that Hiram Blauvelt is an only child so he could have no brother named Robert. We called his mother and ascertained that there is no known relative named Robert. Furthermore, except for that one hunting trip, no member of the Blauvelt family has ever been in Mexico.

"Mrs. Blauvelt offered to go through the family genealogy to ascertain whether there had been any Robert Blauvelts back to the time when the family first came here among the original Dutch settlers of Manhattan Island -- but we assured her that we didn't think this would be necessary."

In the memorandum to Mr. Welles there is reference to some supposed system of scouts "who go over the ground", and the imputation is made that Mr. David Williamson, who left the State Department to come with us, knows about this. Frankly, I have never heard of such a system and it is impossible for me to conceive that anyone with common sense would try to use such a system. In any case, we do not employ it and Mr. Williamson can't know about something that does not exist. He has never employed nor directed the activities of any agents or sub-agents in Mexico.

I think it is clear from the above that imagination and conjecture have been too freely exercised in this matter, for on the simple statement of facts it is evident that we have scrupulously kept within our own jurisdiction, and where cooperation with any other agency of government has been indicated we have given that cooperation fully and freely.

THE WHITE HOUSE  
WASHINGTON

May 2, 1942.

MEMORANDUM FOR

BILL DONOVAN

Here is the reply from the  
Under Secretary of State in regard  
to the memorandum of which I sent  
you a copy. Please return for my  
files.

F. D. R.

THE UNDER SECRETARY OF STATE  
WASHINGTON

April 29, 1942

My dear Mr. President:

In reply to the inquiry contained in your memorandum of April 28 with regard to representatives of the C.O.I. in Latin America, I enclose a memorandum prepared for me by Adolf Berle giving the information which F.B.I. has given him on that subject. This memorandum specifically states that just prior to April 1 O.N.I. took over the C.O.I. men in Mexico.

On March 31 Ambassador Messersmith wrote in a personal letter from Mexico City as follows:

"There called on me yesterday Mr. Donald Downes, who states that he came to see me at the request of Mr. Allen Dulles of the Office of the Coordinator of Information. Mr. Downes states that he is the confidential liaison between Colonel Donovan's office and Italian and Spanish groups in Mexico. He states that the underground Spanish and Italian movements in Italy and in Spain have their headquarters in Mexico City. Colonel Donovan's office gets from these Italian and Spanish sources valuable information concerning developments in Spain and in Italy. Mr. Downes comes to Mexico City for the purpose of getting these data orally and in writing from these Spanish and Italian sources. He asked me whether I thought it would be safe for him to carry this written information with him across the border on his way to Washington.

The President,

The White House.

"I told him that as far as the Mexican authorities were concerned, I did not think that they would either examine or take from him any documents which he had. I said that as far as our own Government was concerned, I thought the Army had a very definite control at the frontier, and from what I had heard, it was possible that they would take his documents and either return them to him after a brief delay or send them to him in Washington. Mr. Downes said he knew that there was this control by the Army and he believed there was also a control at the frontier by the F.B.I. While the information which he carried would eventually be available to the Department of State and to the Army and to the F.B.I., he did not wish his documents to fall into the hands of anyone as it was of such primary importance that the names of his informants be kept secret - if only for the personal safety of the informants.

"He asked whether the pouch could be used. I told him that I could not permit the use of the pouch until I had been informed by the Department that the pouch could be used by a particular person. I suggested therefore that on his return to Washington he tell Mr. Dulles that my own suggestion was that he get in touch with the Department and ask if I could be instructed to receive from Mr. Downes in Mexico certain envelopes for transmission in the pouch addressed to Colonel Donovan's office. Mr. Downes said he thought this was quite reasonable and that he would take this up with Mr. Dulles on his return to Washington. I said that I would have no objection to sending sealed envelopes for him through the pouch to Colonel Donovan's office if I were specifically instructed by the Department of State that I could receive such envelopes from Mr. Downes."

In the same letter George Messersmith reported that this man Downes had stated to him that "Colonel Donovan had no agents or representatives in Latin America", and was not collecting information from Latin America. The fact remains, however, that Mr. Downes

as agent of Colonel Donovan was in Latin America and was collecting information in Mexico.

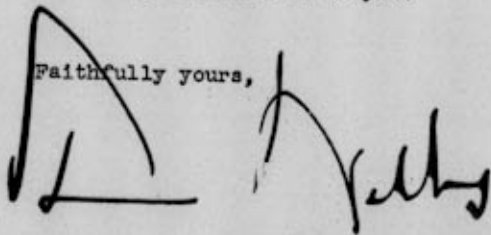
On March 25 Laurence Duggan informed me that he had been confidentially advised by an official high in Colonel Donovan's office that Colonel Donovan had at least ninety persons in Mexico. This official stated that a large number of these persons were at airports watching the passenger traffic, scouting around to ascertain whether Axis supporters were buying land or taking any actions in connection with these airports, and in general were maintaining surveillance of a sweeping character. As a result of that information, I sent a personal letter to Colonel Donovan on March 25, of which I enclose a copy, and on March 26 I received his reply to that letter, of which I likewise enclose a copy.

Notwithstanding the assurances contained in Colonel Donovan's letter to me of March 26, Messersmith reported only five days later the facts I have set forth above. When the further information, which the F.B.I. will send us as promised in the last paragraph in Berle's memorandum, is received, I shall immediately transmit it to you.

Believe me

Faithfully yours,

Encs.





DEPARTMENT OF STATE  
ASSISTANT SECRETARY

April 29, 1942

U - Mr. Welles:

(1) ONI states that just prior to April 1 they made an arrangement with the COI to take over all of the COI men in Mexico. Under that arrangement four men were transferred on April 1 to ONI and are now paid by them and reporting to them.

Below these four men there were a list of informants (people without regular employment but who had entered into arrangements to give information either for cash or for other motives).

The Navy is withdrawing three of these men and will retain one. They are now reporting direct to Naval Intelligence in Washington.

(2) A letter from Messersmith this morning reports the arrival in Mexico City of one Robert W. Blauvelt on an indefinite mission, having obtained draft deferment on work which he said was of interest to our Government and to the State Department. Blauvelt, I find, applied for and got a passport recently to represent the COI in South Africa.

A second person, one John Dermison, is still unaccounted for.

(3) The ONI reports that the COI has developed a system of what are called "scouts" -- that is, men who are not regular agents but who go over the ground. He is inclined to believe there are some of these men in Mexico, but says no one could give definite information, except David Williamson.

(4) A few days ago the FBI agent in Mexico City encountered a man who claimed to represent the Coordinator's office. As a result, they sent over a letter, which they first showed to us, asking that they be informed of any such agents, since men claiming to represent any branch of the Government without papers would quite likely be arrested by the local authorities.

We encountered a representative of COI named Archibald Coleman who did represent the COI in Mazatlan. About two months ago he was withdrawn, following inquiry as to what his status really was. A second man was active in Mexico at the same time, whose name was "Hal" Thompson. He is one of the men whom the Navy has now taken over.

(5) The FBI has other records, which will take more time to dig up.

A.A.B., Jr.

THE UNDER SECRETARY OF STATE

WASHINGTON

March 25, 1942.

Personal and  
~~Confidential~~

Dear Bill:

The report has reached me today -- and I only trouble you in the matter because the source seems to be reputable -- that your office has actually some ninety agents operating in Mexico.

You and I agreed some months ago that the office of C.O.I. would not send agents to any of the other American Republics unless you and I had a prior understanding with regard to this question.

I was absent in Rio de Janeiro some three weeks during January and it may be that during my absence from Washington an arrangement was entered into which superseded the understanding which you and I had. If so, I have, however, not been informed of it. Will you let me know what the facts may be.

My best regards to you, and believe me

Yours most sincerely,

SUMNER WELLES

DECLASSIFIED

By Authority of

CIA

007622

By

ABJ

SEP 10 1974

Colonel William J. Donovan,  
Coordinator of Information,  
Washington, D. C.

UNITED STATES GOVERNMENT  
COORDINATOR OF INFORMATION  
WASHINGTON, D.C.

March 26, 1942

Honorable Sumner Welles  
Under Secretary of State  
Washington, D. C.

Dear Sumner:

I have your letter. The agreement we made still stands. The story you refer to is absurd and the source, whatever it is, is entirely unreliable.

With best regards.

Sincerely,

BILL

William J. Donovan

CONFIDENTIAL

No. 484

VERNET 2 MAI 1942

May 9, 1942

9 P. M.

L'Ambassadeur a envoyé le telegramme suivant :

MEMORANDUM FOR THE PRESIDENT: a Porto-Rico

FROM: William J. Donovan

I thought you would be interested in seeing immediately the attached texts of French cable messages exchanged today.

**DECLASSIFIED**

VENDREDI 8 MAI 1942

L'Ambassadeur a envoye le telegramme suivant a

M. Chaulet, Consul de France a Porto-Rico:

"Le Departement d'Etat me fait connaitre que pour de 'bonnes et valables' raisons, il a decide de ne point laisser exercer les fonctions consulaires auxquelles vous aviez ete nomme, a Porto-Rico.

"Cette decision, d'apres mes informations n'a rien qui vous vise personnellement, mais resulte d'une mesure d'ordre general prise pour des necessites d'ordre militaire.

"Je vous prie, en consequence, de bien vouloir prendre d'urgence vos disposition pour revenir aux Etats-Unis ou pour vous rendre a la Martinique. Vous assurerez egalement le repatriement des archives consulaires.

"Le Departement des Affaires Etrangeres a Vichy a ete tenu informe de la decision du gouvernement federal."

Le Consul de Porto-Rico a envoye a l'Ambassadeur

le telegramme suivant:

"Deux transports americains, peints en gris de guerre et porteurs d'environ 3000 hommes ont transite par Porto-Rico et sont partis pour une destination inconnue."

**DECLASSIFIED**

E.O. 11652, Sec. 2(E) and 5(D) or (E)

CIA 117-1127/74 Date DEC 4 1974

APB